

**REPORT**  
**ST. BERNARD PARISH LIBRARY**  
**DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 09 2013**

ST BERNARD PARISH LIBRARY

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## INDEPENDENT AUDITOR'S REPORT

July 9, 2013

To the Board of Control  
St. Bernard Parish Library  
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Bernard Parish Library (the Library), a component unit of the St. Bernard Parish Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St Bernard Parish Library as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St Bernard Parish Library's financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2013 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

ST BERNARD PARISH LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

The management's discussion and analysis of the St. Bernard Parish Library's (the Library) financial performance provides an overview of the financial activities as of and for the year ended December 31, 2012. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The Library's assets exceeded its liabilities at December 31, 2012 by \$15,244,331. The Library's net position increased by \$1,517,236 or 11.1% from the prior year.
- The Library's revenue increased by \$278,214 or 14.8%, while expenses increased by \$124,258 or 24.2%. The increase in expenses was principally due to an increase in depreciation as a result of additions to capital assets.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements. Also included in the report is supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** The government-wide financial statements report information about the overall finances of the Library in a manner similar to private-sector business.

The Statement of Net Position presents information on the Library's assets less liabilities which results in net position. The statement is designed to display the financial position of the Library. Over time, increases or decreases in net assets help determine whether the Library's financial position is improving or deteriorating.

The Statement of Activities provides information showing how the Library's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the Library that are financed primarily by taxes, intergovernmental revenues, and charges for services.

**Fund financial statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The Library uses fund accounting to ensure and demonstrate fiscal accountability. The Library uses governmental fund financial statements to provide more detailed information about the Library's funds.

ST BERNARD PARISH LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Governmental funds** Governmental funds are used to report the Library's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near or short-term view of the Library's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balances of the governmental funds to the Statement of Activities.

The Library maintains one governmental fund, the General Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for this fund.

The Library adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund as listed in the table of contents.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the statement of net position:

Condensed Statement of Net Position  
As of December 31, 2012 and 2011

	<u>2012</u>	(Restated) <u>2011</u>	<u>Change</u>
Current assets	\$ 13,008,578	\$ 12,048,112	\$ 960,466
Non-current assets:			
Capital assets, net	<u>2,243,904</u>	<u>1,758,780</u>	<u>485,124</u>
Total assets	<u>15,252,482</u>	<u>13,806,892</u>	<u>1,445,590</u>
Current liabilities	<u>8,151</u>	<u>79,797</u>	<u>(71,646)</u>
Total liabilities	<u>8,151</u>	<u>79,797</u>	<u>(71,646)</u>
Net position:			
Net investment in capital assets	2,243,904	1,758,780	485,124
Unrestricted	<u>13,000,427</u>	<u>11,968,315</u>	<u>1,032,112</u>
Total net position	<u>\$ 15,244,331</u>	<u>\$ 13,727,095</u>	<u>\$ 1,517,236</u>

ST BERNARD PARISH LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Net capital assets increased by \$485,124. This was the result of capital asset additions of \$729,091 and was offset by depreciation expense of \$243,967.

The Library's net assets were \$15,244,331 at December 31, 2012, an increase of \$1,517,236 from the prior year.

The following is a summary of the statement of activities

Condensed Statement of Activities  
As of December 31, 2012 and 2011

	<u>2012</u>	(Restated) <u>2011</u>	<u>Change</u>
Revenues:			
Program revenues	\$ 788,245	\$ 718,630	\$ 69,615
General revenues	<u>1,366,888</u>	<u>1,158,289</u>	<u>208,599</u>
Total revenues	<u>2,155,133</u>	<u>1,876,919</u>	<u>278,214</u>
Expenses			
Library expenses	<u>637,897</u>	<u>513,639</u>	<u>124,258</u>
Total expenses	<u>637,897</u>	<u>513,639</u>	<u>124,258</u>
Change in net position	1,517,236	1,363,280	153,956
Total net position, beginning of year	<u>13,727,095</u>	<u>12,363,815</u>	<u>1,363,280</u>
Total net position, end of year	<u>\$ 15,244,331</u>	<u>\$ 13,727,095</u>	<u>\$ 1,517,236</u>

The Library's net position increased by \$1,517,236 or 11.1% from the previous year. This increase was consistent with the prior year increase in net position as there were no significant changes in the Library's operations during the year.

**BUDGETARY HIGHLIGHTS**

Budgetary information, presented on Page 22, demonstrates the level of budgetary control exercised by the Library as well as compliance with State law relating to budgets and the budgetary process. Actual revenues on budget basis were less than budgeted revenues by \$52,873 and actual expenditures on budget basis were less than budgeted expenditures by \$323,979.



**ST BERNARD PARISH LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

**CAPITAL ASSETS**

The capital assets of the Library consist of land, buildings and improvements, furniture and equipment and library collections. At December 31, 2012, the Library had investments in capital assets (net of accumulated depreciation) totaling \$2,243,904. This is an increase of \$485,124 from the prior year. The increase was primarily attributable to significant asset additions during the year offset by depreciation expense for the year.

**CONTACTING THE LIBRARY**

The financial report is designed to provide a general overview of the Library's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Executive Director, 2600 Palmisano Boulevard, Chalmette, LA 70043

ST. BERNARD PARISH LIBRARY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,605,593
Investments	400,000
Ad valorem taxes receivable, net	1,075,041
Federal grants receivable	1,442,671
Due from St Bernard Parish	485,273
Capital assets, net of accumulated depreciation	<u>2,243,904</u>
 Total Assets	 <u>15,252,482</u>
 <b>LIABILITIES</b>	
Vacation accrual	<u>8,151</u>
 Total Liabilities	 <u>8,151</u>
 <b>NET POSITION</b>	
Net investment in capital assets	2,243,904
Unrestricted	<u>13,000,427</u>
 Total Net Position	 <u><u>\$ 15,244,331</u></u>

The accompanying notes are an integral part of these financial statements

ST BERNARD PARISH LIBRARY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
Library	\$ <u>637,897</u>	\$ <u>13,484</u>	\$ <u>13,755</u>	\$ <u>761,006</u>	\$ <u>150,348</u>
General Revenues.					
Ad valorem taxes					1,325,112
State revenue sharing					3,722
Interest income					37,757
Miscellaneous revenue					<u>297</u>
Total General Revenues					<u>1,366,888</u>
Change in Net Position					1,517,236
Net Position, Beginning of Year					13,045,430
Prior Period Adjustment					<u>681,665</u>
Net Position, End of Year					<u>\$ 15,244,331</u>

The accompanying notes are an integral part of these financial statements

ST BERNARD PARISH LIBRARY  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2012

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash	\$ 9,605,593
Investments	400,000
Ad valorem taxes receivable, net	1,075,041
Federal grant receivable	1,442,671
Due from St Bernard Parish	485,273
Total Assets	<u>13,008,578</u>
<b>LIABILITIES</b>	
Vacation accrual	8,151
Deferred revenue	1,442,671
Total Liabilities	<u>1,450,822</u>
<b>FUND BALANCE</b>	
Committed for capital outlay	4,700,000
Unassigned	6,857,756
Total Fund Balance	<u>11,557,756</u>
Total Liabilities and Fund Balance	<u>\$ 13,008,578</u>

RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total Fund Balance	\$ 11,557,756
Amounts reported for governmental activities in the Statement of Net Position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	2,243,904
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and, therefore, are deferred in the governmental funds	<u>1,442,671</u>
Net Position of Governmental Activities	<u>\$ 15,244,331</u>

The accompanying notes are an integral part of these financial statements

ST. BERNARD PARISH LIBRARY  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>GENERAL FUND</u>
REVENUES:	
Ad valorem taxes	\$ 1,325,112
State revenue sharing	15,227
Fines and fees	13,484
Interest income	37,757
Public grant income	2,250
Miscellaneous revenue	<u>297</u>
Total	<u>1,394,127</u>
EXPENDITURES:	
Library:	
Personnel services	323,178
Operating services	70,752
Capital outlay	<u>729,091</u>
Total Expenditures	<u>1,123,021</u>
Net Change in Fund Balance	271,106
Fund Balance, Beginning of Year	<u>11,286,650</u>
Fund Balance, End of Year	<u>\$ 11,557,756</u>

The accompanying notes are an integral part of these financial statements

ST BERNARD PARISH LIBRARY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balance - Total Governmental Fund	\$	271,106
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Amounts reported for governmental activities in the Statement of Activities  
are different because

Governmental funds report capital outlays as expenditures

However, in the Statement of Activities, the cost of those assets  
are allocated over their estimated useful lives and reported as  
depreciation expense. This is the amount by which capital outlay  
exceeded depreciation in the current period

485,124

Certain governmental revenues will not be collected for several  
months after year-end and are deferred in the governmental  
funds

761,006

Change in Net Position of Governmental Activities

\$ 1,517,236

The accompanying notes are an integral part of these financial statements

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St Bernard Parish Library (the Library) was established by the parish governing authority, under the provisions of the Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, and audio visuals. The Library is governed by a Board of Control consisting of seven members in accordance with the provisions of the Louisiana Revised Statute 25:214. The Library is located in Chalmette, LA.

The accounting policies of the Library conform to generally accepted accounting principles (GAAP) applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies.

Financial Reporting Entity

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining the governmental reporting entity and which component units should be considered part of the Library for financial reporting purposes. The basic criteria for including a potential component unit with the reporting entity is financial accountability. The criteria for determining financial accountability include:

1. The primary government is financially accountable if it appoints a voting majority of the organization's governing body *and* (a) it is able to impose its will on that organization *or* (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
2. The primary government is financially accountable if an organization is fiscally dependent on *and* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

The primary government may also determine, through exercise of management's professional judgment, that an organization that does not meet the specific financial accountability criteria should be included as a component unit to prevent the reporting entity's financial statements from being misleading. This determination is based on the nature and significance of the organization's relationship with the primary government.

The Library is considered a component unit of the St. Bernard Parish Government based on the criteria above. Based on the criteria above, the Library has no component units.

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying basic financial statements of the St. Bernard Parish Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

During the year ended December 31, 2012, the Library adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also redefined the residual of all other elements presented in a statement of financial position as net position.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on the governmental activities using the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds.

Fund Financial Statements

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The only fund of the Library is classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Library or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds.



ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Fund Financial Statements: (Continued)

The General Fund is the primary operating, and sole, fund of the Library. It accounts for all the financial transactions and is classified as governmental fund type. The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position rather than upon net income.

Measurement Focus/Basis of Accounting:

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt, which are recognized when payment is made, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

ST. BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The Library has adopted a budget for its General Fund. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. An amendment involving increase in expenditures must be approved by the Library. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Ad Valorem Taxes Receivable

Ad valorem taxes receivable are reported net of an allowance for uncollectible amounts. The allowances on ad valorem receivables are estimated based on historical collections. As of December 31, 2012, the allowance for uncollectible receivables was \$40,187, which represents approximately 4% of the total ad valorem tax receivable.

Capital Assets

All capital assets of the Library are recorded at historical cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: (Continued)

The cost of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Library capitalizes equipment and furniture in excess of \$250. The following estimated useful lives and methods are used to compute depreciation:

Buildings and improvements	30 years	Straight-Line
Furniture and equipment	5 - 7 years	Straight-Line
Library collections	5 years	Straight-Line

Depreciation expense was \$243,967 for the year ended December 31, 2012.

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January through February of the ensuing year.

Grant revenue is recorded on the government-wide financial statements when the Library is entitled to the funds. Grant revenue is recorded on the fund financial statements when the Library is entitled to the funds and when they are considered available.

Interest income on time deposits is recorded monthly when the interest is posted to the Library's checking account.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave which is not accrued.

Vacation and Sick Leave

All full-time employees of the Library earn vacation and sick leave at varying rates depending on years of service. Vacation and sick leave can be accumulated without limitation. Upon termination or retirement, unused vacation leave of up to 20 days is paid to employees at their current rate of pay. Vacation and sick leave are considered to be due within one year of the end of the fiscal year.

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Net Position Classifications

Government-wide equity is classified as net position and displayed in two components

- a. Net investments in capital assets – consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net position – consist of all other net assets that do not meet the definition of “invested in capital assets, net of related debt.”

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Library’s policy is to apply restricted net position first

Governmental fund balances – during the fiscal year ended December 31, 2012, the Library adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balances on the balance sheets of governmental type funds

In the governmental fund financial statements, fund balances are classified as follows:

- a. Committed fund balance – resources that are limited to a particular purpose specified by the governing board
- b. Unassigned fund balance – all amounts not included in other spendable classifications

When an expense is incurred for purposes for which are committed, the Library’s policy is to first apply the committed fund balance

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Stabilization Arrangements

The Library has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. The stabilization arrangement was authorized through formal resolution of the board. The stabilization balance as of December 31, 2012 was \$2,300,000 and was included in the unassigned fund balance.

2 CASH AND CASH EQUIVALENTS

The Library had deposits with financial institutions (carry values) at December 31, 2012 totaling \$10,005,593. These deposits are stated at cost, which approximates market value. Under state law, deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**Custodial credit risk – Deposits** Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. The Library's policy regarding custodial credit risk is to maintain deposits in financial institutions that are backed by the Federal deposit Insurance Corporation (FDIC). Deposits in excess of FDIC coverage limitations must be collateralized by the pledge of securities held in the name of the Library. As of December 31, 2012, the Library's bank balances were \$10,034,759. Deposits secured by FDIC coverage as of December 31, 2012 were \$500,000. As of December 31, 2012, the remaining deposits of \$9,534,759 were collateralized by the pledge of securities that were held in the name of the Library.

3. PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable on November 15 of each year and become delinquent on December 31 with interest being charged on payments after January 1. Taxes are collected by the St. Bernard Parish Sheriff's Office who remits the dedicated millage to the Library.

ST BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ <u>1,084,398</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,084,398</u>
Total Capital Assets Not Being Depreciated	<u>1,084,398</u>	<u>-</u>	<u>-</u>	<u>1,084,398</u>
Capital Assets Being Depreciated				
Building	262,910	-	-	262,910
Furniture and equipment	607,650	506,070	-	1,113,720
Library collections	<u>265,219</u>	<u>223,021</u>	<u>(6,275)</u>	<u>481,965</u>
Total Capital Assets Being Depreciated	1,135,779	729,091	(6,275)	1,858,595
Accumulated Depreciation	<u>(461,397)</u>	<u>(243,967)</u>	<u>6,275</u>	<u>(699,089)</u>
Total Capital Assets Being Depreciated, net	<u>674,382</u>	<u>485,124</u>	<u>-</u>	<u>1,159,506</u>
Capital Assets, Net	\$ <u>1,758,780</u>	\$ <u>485,124</u>	\$ <u>-</u>	\$ <u>2,243,904</u>

All depreciation expense was charged to the Library function in the government-wide financial statements.

5 PENSION PLAN:

The Library contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (the Plan). The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The Plan is administered by a Board of Trustees consisting of seven members. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P.O. Box 14619, Baton Rouge, LA 70898-4619, or by calling 225-928-1361.

All permanent Library employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and social security criteria have up to 90 days from the date of hire to elect to participate.

The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final average compensation for each year of service after that date. Final average compensation is defined as the employee's average salary over the 36 consecutive or joined months which produce the highest average.

ST. BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

5. PENSION PLAN (Continued)

Employee contributions are established by state statute at 9.5% of their annual covered salary. Employee contributions are established by state statute and are required to contribute at an actuarially determined rate. The employer contribution rate for the year ended December 31, 2012 was 15.75% of annual covered payroll. The Library's contributions to the Plan for the year ended December 31, 2012 was \$30,802.

The schedule of actuarially required contribution and percentage contributed for the years ended December 31, 2012 through 2010 is noted below:

<u>Schedule of Employer Contributions</u>		
<u>Fiscal Year Ended</u>	<u>Actuarial Required Contribution</u>	<u>Percentage Contributed</u>
12/31/2010	\$ 22,095	115%
12/31/2011	25,916	99
12/31/2012	32,699	94

6. COMPENSATION OF BOARD MEMBERS:

No compensation was paid to Board Members for the year ended December 31, 2012.

7. DUE FROM ST. BERNARD PARISH GOVERNMENT:

The Library has an amount receivable from the St. Bernard Parish Government (the Parish) related primarily to insurance recoveries that were received by the Parish as a result of casualty losses resulting from Hurricane Katrina. As of December 31, 2012, amounts due from the St. Bernard Parish Government were \$485,273.

8. RISK MANAGEMENT

The Library is exposed to various risks of loss related to general liability, auto liability, workers' compensation, unemployment compensation, property, and group health benefits. The Library participates in St. Bernard Parish Government's risk management internal service funds for general liability and workers' compensation. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. St. Bernard Parish Government handles all claims filed against the Library. The Library does not have any additional exposure unless the claims exceed the Parish's insurance contracts. The Library carries commercial insurance for exposure to other risks of loss. No settlements were made during the year that exceeded the Library's insurance coverage.

ST. BERNARD PARISH LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

9. PRIOR PERIOD ADJUSTMENT

The Library is restating its financial statements for the year ended December 31, 2011. The revisions and resulting restatement relate to the accounting treatment for voluntary nonexchange transactions associated with the Library's expenditure-driven grant program. On May 24, 2011, the Library received final approval of the Federal Emergency Management Agency (FEMA) grant which provides funding to the Library on an expense reimbursement basis for content losses incurred during Hurricane Katrina.

Under GASB Statement No. 33, grant recipients are required to recognize revenue and the resulting receivable as allowable costs are incurred in accordance with the requirements of the grant. Allowable costs incurred during the year ended December 31, 2011 under this grant was \$681,665 and has been accounted for as a correction of an error, which requires restatement of the prior-period financial statements. The effect of the change on the Statement of Net Position was to increase federal grants receivable and unrestricted net position by \$681,665. The cumulative effect of the change in net position for the year ended December 31, 2011 was an increase of \$681,665 as this was the earliest prior period effected. As funds expected from FEMA reimbursements did not meet the availability period, the Library recorded federal grants receivable and deferred revenue in the amount of \$681,665 for the year ended December 31, 2011 and therefore there was no restatement of the fund balance.



ST BERNARD PARISH LIBRARY  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 925,000	\$ 925,000	\$ 1,325,112	\$ 400,112
State revenue sharing	1,500	1,500	3,722	13,727
Grant income	-	-	13,755	13,755
FEMA	500,000	500,000	-	(500,000)
Interest income	20,500	20,500	37,757	17,257
Charges for services	-	-	13,484	13,484
Miscellaneous income	-	-	297	297
Total Revenues	<u>1,447,000</u>	<u>1,447,000</u>	<u>1,394,127</u>	<u>(41,368)</u>
<b>EXPENDITURES</b>				
Personnel Expenses	384,000	384,000	323,178	60,822
Operating Expenses	363,000	363,000	70,752	292,248
Library Expenses	<u>700,000</u>	<u>700,000</u>	<u>729,091</u>	<u>(29,091)</u>
Total Expenditures	<u>1,447,000</u>	<u>1,447,000</u>	<u>1,123,021</u>	<u>323,979</u>
Net Change in Fund Balance	-	-	271,106	282,611
Fund Balance, Beginning of Year	<u>11,286,650</u>	<u>11,286,650</u>	<u>11,286,650</u>	-
Fund Balance, End of Year	<u>\$ 11,286,650</u>	<u>\$ 11,286,650</u>	<u>\$ 11,557,756</u>	<u>\$ 282,611</u>

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DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

July 9, 2013

To the Board of Control  
St. Bernard Parish Library  
Chalmette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Bernard Parish Library (the Library), a component unit of St. Bernard Parish Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated July 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

July 9, 2013

To the Board of Control  
St. Bernard Parish Library  
Chalmette, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited St. Bernard Parish Library, a component unit of St. Bernard Parish Government, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of St. Bernard Parish Library's major federal programs for the year ended December 31, 2012. St. Bernard Parish Library's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of St. Bernard Parish Library's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Bernard Parish Library's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of St Bernard Parish Library's compliance

### **Opinion on Each Major Federal Program**

In our opinion, St Bernard Parish Library complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012

### **Report on Internal Control Over Compliance**

Management of St Bernard Parish Library is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Bernard Parish Library's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Bernard Parish Library's internal control over compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

*Duplantier, Hrapmann, Hogan & Maher, LLP*

ST. BERNARD PARISH LIBRARY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Federal Grantor / Program Title</u>	<u>Federal Expenditures</u>
<u>Passed through the State of Louisiana</u>			
		<u>Department of Homeland Security</u>	
97.036	FEMA-LA-DR-1603	Federal Emergency Management Agency – Disaster Grant - Public Assistance	\$ <u>761,006</u>
		Total Department of Homeland Security	<u>761,006</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>761,006</u>

See accompanying notes to schedule of expenditures of federal awards

ST BERNARD PARISH LIBRARY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards of the St Bernard Parish Library has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Grant revenues are recorded for financial reporting purposes when the Library has met the qualifications for the respective grant. Expenditures are recognized when incurred.

2 FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended December 31, 2012.

3 DETERMINATION OF TYPES A AND B PROGRAMS

Federal awards programs are classified as either Type A or Type B programs. For the period ending December 31, 2012, Type A programs consist of the federal programs that expended over \$300,000 and Type B programs that expended under \$300,000.

ST BERNARD PARISH LIBRARY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

SUMMARY OF AUDITOR'S RESULTS

1. The opinion issued on the financial statements of St Bernard Parish Library for the year ended December 31, 2012 was unmodified
2. Findings Required to be Reported Under Generally Accepted Government Auditing Standards
  - Internal Control - Material weaknesses: None noted
  - Internal Control - Significant deficiencies: None noted
  - Compliance and Other Matters - Material to financial statements - None noted

FEDERAL AWARDS.

- 1 Internal Control over Major Programs
  - Material weaknesses: None noted
  - Significant deficiencies: None noted
- 2 An unqualified opinion was issued on compliance for the major program of St. Bernard Parish Library
- 3 There were no auditing findings which are required to be reported in accordance with OMB circular A-133, Section 501(a).
4. Identification of major program
 

<u>Name of Federal Program</u>	<u>Federal CFDA No</u>	<u>Expenditures</u>
Federal Emergency Management Agency – Disaster Grant - Public Assistance	97 036	<u>\$761,006</u>
5. The dollar threshold used for distinguishing Type A programs was \$300,000
6. St Bernard Parish Library does not qualify as a low risk auditee as that term is defined in OMB Circular A-133

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT.

None

PRIOR YEAR FINDINGS:

- 2011-05      During the prior year audit it was noted that the Library was maintaining its general ledger on the cash basis method of accounting. In the current year, the Library recorded all journal entries necessary to properly state its general ledger on the accrual basis method of accounting. This finding has been resolved in the current year.